



FACTS & TRUTHS, you must know about Islamic Finance.

Islamic Finance (IF) means different things to different people, some are clueless as to what it is all about.

Let's explore some of the facts & truths about Islamic finance.

The Islamic Finance industry today is largely untapped mainly due to the lack of understanding, as to what Islamic Finance is all about, not only among the Muslims but also the non-Muslims as well.

1. Islamic Finance is confined only to the Muslim community – not true.

Islamic Finance is for the entire mankind, irrespective of what color, race, religion or ethnic group one belongs to. If Islamic finance is not for the entire mankind, we would have seen banking and finance based on other faiths and philosophies too, working to comply with their own respective scriptures.

2. Islamic Finance can only be practiced and accepted in Islamic countries (in the GCC, Middle East etc.) or in those countries Muslims are the majority (Malaysia, Indonesia, Pakistan etc.) – not true.

Today, Islamic finance is present and practiced in many countries where Muslims are a minority, namely; United Kingdom, Thailand, Sri Lanka etc.,

3. Islamic Finance is a four-decade old industry, as of 2015 – not true.

Islamic finance is a centuries old practice, which dates back to 1436 Hijri. The basic principles and practices were followed centuries ago, but the modern experiment with IF is 4 decades now.

4. Islamic finance is growing at an annual rate of 15-20% - not true.

It depends on whom you talk to in the industry or which research company you quote from. However, the fact is that, it is growing significantly at different annual rates in different jurisdictions.

5. Global lending institutions and western bankers exploring Islamic Finance to structure deals - very true.

Islamic finance is not only acknowledged by western bankers and global financial and lending institutions, but they too structure deals in accordance with Shari'ah principles.

6. Islamic Finance is a faith based business, to be led only by Muslims – not true.

Islamic finance has become a promising and lucrative business not only for Muslims but for non-Muslims as well. Those of other faiths can lead Islamic finance institutions, provided they understand the 'rules-of-the-game' and capitalize on the untapped opportunities and growth potentials of the industry.

However, for Muslims it is lucrative, promising and also a faith based business seeking reward not only in this World but also in the Hereafter, if it is done right.

7. Islamic Finance is similar to conventional finance, which looks at any investment or financing transaction from an economic and commercial perspective – not true.

Islamic finance looks beyond the economic and commercial aspects of the transaction, it ensures that the moral, social, ethical and religious aspects of the transaction is upheld to benefit and protect the fabric of our society (that belongs to all faiths).

8. Islamic Finance institutions are charitable institutions – not true.

Islamic finance institutions (IFIs) are like any other promising business venture, they are established to make profits and bring benefits to all the stakeholders, but whilst complying with Shari'ah Principles.

9. Islamic finance institutions services are not up to the standards of global conventional banks - true.

Islamic finance is criticized, condemned and/or complained by many not due to the Principles that governs the industry, but due to the attitudes of some who had served or interacted with them and have had bad or an unpleasant experience in respect of customer services. Service excellence is still lacking.

10. Islamic Finance became very popular post 2008 global financial crisis - very true.

Islamic finance industry has become the most sought after industry by all faiths, especially among those who were affected by the global financial crisis and are looking at Islamic finance as an alternative to the conventional banking and finance system.

More to come...

Until then, be humble, be simple and be a community asset.

Keep in touch with MIT.



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